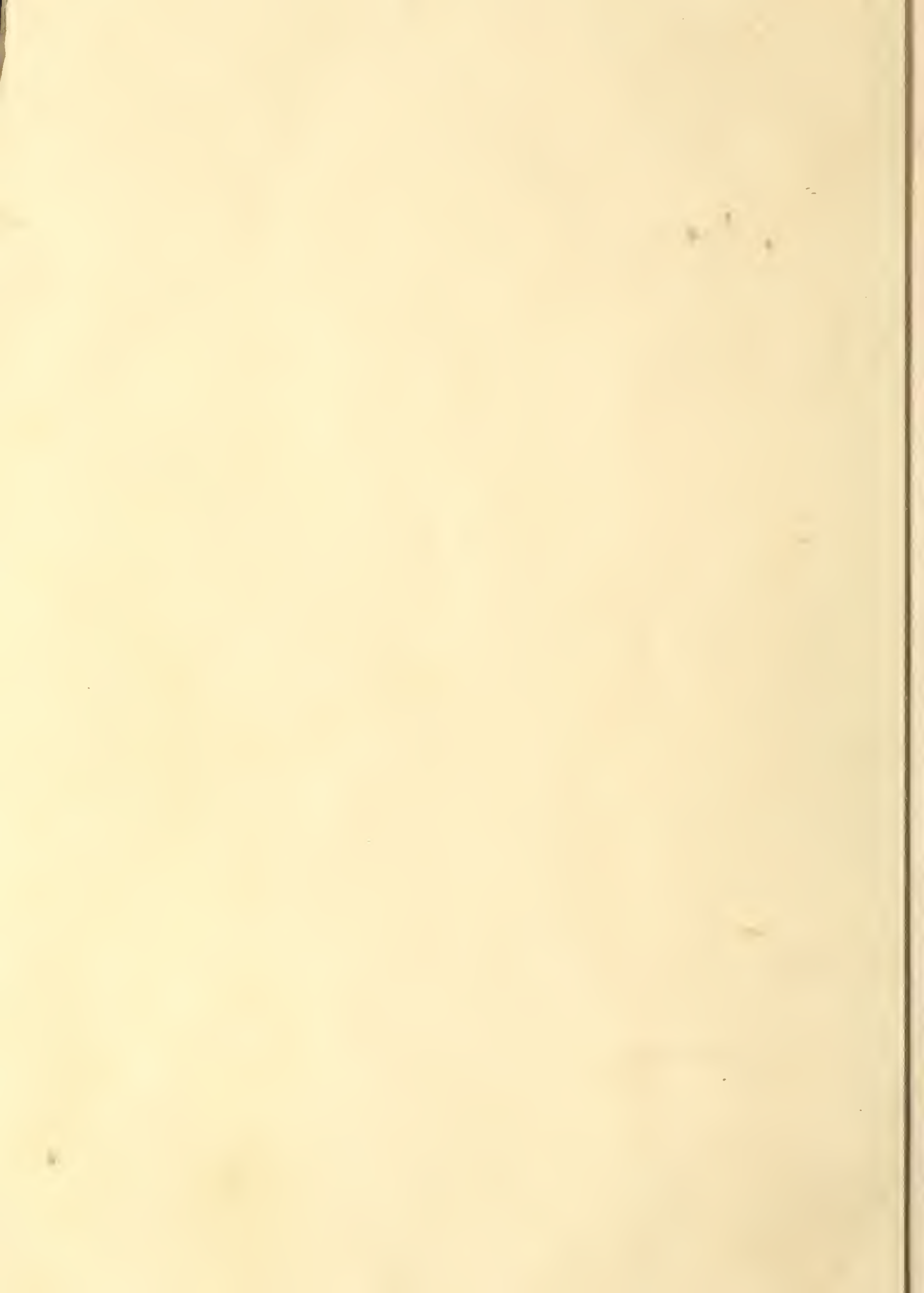


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## Cotton

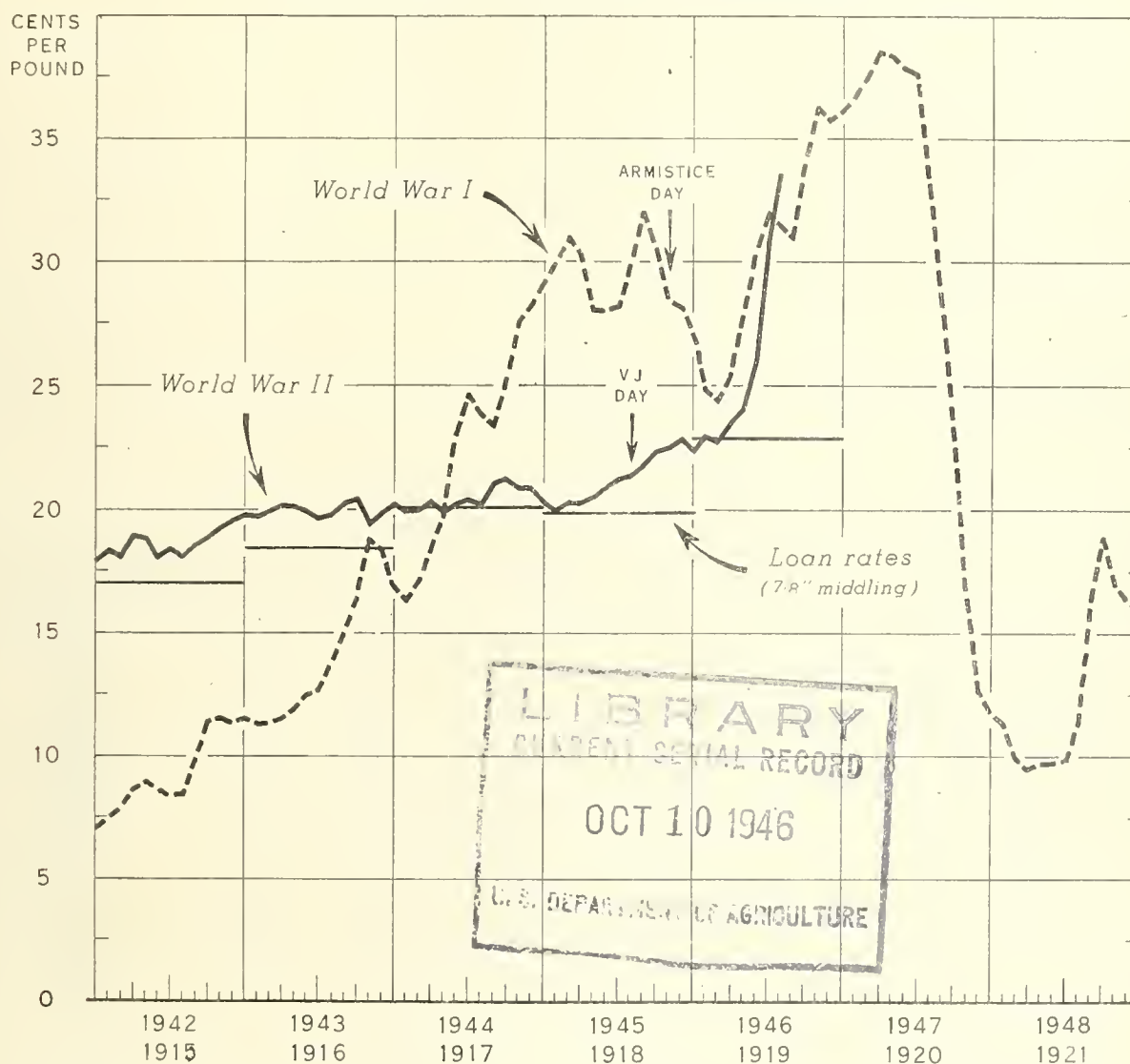
## SITUATION

BUREAU OF AGRICULTURAL ECONOMICS  
UNITED STATES DEPARTMENT OF AGRICULTURE

CS - 113

BAE

SEPTEMBER 1946

COTTON: PRICES RECEIVED BY FARMERS DURING WORLD WAR I  
AND WORLD WAR II PERIODS, AND GOVERNMENT  
LOAN RATES FOR 1942-46 SEASONS

U. S. DEPARTMENT OF AGRICULTURE

NEG 46171

BUREAU OF AGRICULTURAL ECONOMICS

In contrast to a sharp drop in cotton prices at the close of World War I and an extended rise a few months later, cotton prices after World War II continued the gradual upward trend until a year later and then advanced sharply. The present favorable United States situation results largely from (1) the unprecedented level of domestic consumption during the war period and thereafter, (2) the exceptionally small crops in 1945 and 1946, (3) the general inflationary situation, and (4) increased exports, following the war.

The recent advance in cotton prices has greatly increased the spread between the Government loan rate and the farm price.

## MONTHLY STATISTICAL SUMMARY FOR COTTON

Item	Unit or base period	1945		1946		Percent of year ago 1/
		August	June	July	August	
<b>Prices:</b>						
Middling 15/16-inch, 10 mar-						
Kets .....	Cent	22.38	29.15	33.40	35.49	158.6
Farm, United States.....	Cent	21.33	25.98	30.83	33.55	157.3
Parity .....	Cent	21.45	23.31	24.68	25.30	117.9
Farm, percentage of parity..	Percent	99	111	125	133	134.3
Premium of 1-1/8 inch over ..						
basis 2/:						
Memphis .....	Point	400	175	188	200	50.0
Carolina "B" mill area....	Point	565	316	328	357	63.2
Cloth, 17 constructions.....	Cent	42.32	50.79	58.14	60.69	143.4
Mill margin (17 construc-						
tions).....	Cent	20.28	22.01	24.97	25.93	127.9
Cottonseed, farm price .....	Dollar	52.50	51.50	60.00	59.10	112.6
Cottonseed, parity .....	Dollar	39.00	42.40	44.90	46.00	117.9
Cottonseed, farm, pct. of ..						
parity .....	Percent	135	121	134	128	94.8
<b>Consumption:</b>						
All kinds during month, total	1,000 bales	738.4	792.7	730.0	855.5	115.9
All kinds per day, total ...	Bale	32,166	39,633	33,180	38,887	120.9
American-Egyptian cotton,						
total .....	Bale	2,349	1,063	969	1,040	44.3
Foreign cotton, total .....	Bale	12,818	20,852	19,468	22,167	172.9
<b>Stocks, end of month:</b>						
Consuming establishments ...	1,000 bales	1832.6	2,280.9	2,282.1	2,082.7	113.6
Public storage and com-						
presses .....	1,000 bales	7739.2	5,381.6	4,464.5	3,834.3	49.5
Total 3/ .....	1,000 bales	9571.8	7,662.5	6,746.6	5,917.0	61.8
Egyptian cotton, total 3/...	Bale	55,444	53,763	40,577	37,738	68.1
American-Egyptian cotton,						
total 3/ .....	Bale	29,740	7,684	5,677	6,309	21.2
<b>Index numbers:</b>						
Cotton consumption .....	1935-39=100	123	152	127	149	121.1
Prices paid, interest, and						
taxes .....	1910-14=100	173	188	199	204	117.9

1/ Applies to last month for which data are available.

2/ Premiums for Middling 1-1/8 inch based on near active month futures at New York.

3/ Includes only stocks in mills and public storage and at compresses.

Compiled from official sources.

## ANNUAL STATISTICAL SUMMARY FOR COTTON

Item	Unit or base period	Year beginning August			
		5-year average 1939-43	1944	1945 1/	
				Actual	As a percent of 1944
Prices:					
Middling 15/16 inch, 10 markets ....	Cent	16.04	21.86	25.96	118.8
Farm, United States .....	Cent	14.99	20.73	22.52	108.6
Parity.....	Cent	17.87	21.30	2/ 22.31	104.7
Farm, percentage of parity .....	Percent	84	97	101	103.7
Cloth, 17 constructions.....	Cent	34.11	42.41	47.52	112.0
Mill margin, 17 constructions .....	Cent	18.09	20.82	21.90	105.2
Cottonseed, farm price .....	Dollar	3/37.65	3/ 52.70	3/ 51.10	97.0
Cottonseed, parity .....	Dollar	3/32.32	3/ 38.67	3/ 40.10	103.7
Cottonseed, farm, pct. of parity....	Percent	3/ 116	3/ 136	3/ 127	93.5
Consumption:					
All kinds .....	1,000 bales	9,943.8	9,567.9	9,166.1	95.8
American-Egyptian cotton.....	Bale	37,748	43,533	19,382	44.5
Foreign cotton .....	Bale	151,059	119,501	196,845	164.7
Trade:					
Exports .....	1,000 bales	2,203.6	1,924.4	3,531.0	183.5
Imports .....	1,000 bales	196.4	223.6	348.5	155.9
Cotton spindles activity:					
Spindles in place, monthly average ..	Thousand	24,103	23,145	23,818	102.9
Active spindles, monthly average ...	Thousand	22,720	22,206	21,836	98.3
Percentags active .....	Percent	94.3	95.9	91.7	95.6
Hours operated, total .....	Million	9,799	9,325	8,773	94.1
Hours per spindle in operation .....	Hour	431	420	388	92.4
Carry-over, all kinds end of year:	1,000 bales	10,954.3	11,163.7	7,521.7	67.4
Stocks end of year:					
Consuming establishments .....	1,000 bales	1,818.0	1,963.5	2,282.1	116.2
Public storage and compresses.....	1,000 bales	8,487.3	8,375.2	4,464.5	53.3
Elsewhere .....	1,000 bales	649.0	825.0	775.0	93.9
Egyptian cotton, total 4/ .....	Bale	44,464	58,937	40,577	68.8
American-Egyptian cotton, 4/ .....	Bale	31,281	31,634	5,677	17.9
Income:					
Returns from marketings					
of cotton and cottonseed .....	\$ million	756	1,498	1,172	78.2
Index numbers:					
Cotton consumption .....	1935-39=100	149	144	138	92.6
Spindle activity 5/.....	Percent	118.4	117.6	106.6	90.0
Prices paid, interest, and taxes....	1910-14=100	144	172	180	104.7

1/ Preliminary. 2/ Average of monthly data. 3/ Year beginning July 1. 4/ Includes only stocks in mills and public storage and at compresses. 5/ Based on 80-hour week operation. Compiled from official sources.



# THE COTTON SITUATION

Approved by the Outlook and Situation Board, September 20, 1946

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## OUTLOOK ISSUE

## Summary

On the basis of August 15 prices and the September 9th crop forecast, farmers' cash receipts from 1946 cotton will be the highest received since 1925. At 33.55 cents, the August 15 farm price was the highest monthly farm price since July 1920. In terms of parity, it was 133 percent compared with 99 percent in August 1945. Early September prices of Middling 15/16 cotton at the ten spot markets are about 3/4 of a cent above mid-August prices, which indicates that prices received by farmers in early September also are above the August level. September is the first important month of the marketing season.

The average 1946 loan rate for Middling 7/8-inch cotton is 22.83 cents a pound. In 1947 calendar year, the parity index on which loans are based should average above present levels with the high point occurring about mid-year.

The present outlook relation to supplies and needs for 1947 indicate that the U. S. carry-over next August 1 will be at the lowest level since 1929. Supplies of all kinds of cotton in the United States for the 1946-47 marketing season are indicated at 16.7 million bales (assuming imports of 200,000 bales). Total disappearance is expected to be slightly less than the 12.8 million bales which disappeared last season. Thus, the domestic carry-over of all kinds of cotton in the United States on August 1, 1947, would be a little over 4 million bales compared with 7.5 million bales on hand August 1 of this year.

Cotton consumption in the year ending July 31 totaled 9.2 million bales. The August daily rate converted to a yearly basis amounted to 10 million bales. Even with this high rate of consumption, cotton textile inventories at retail levels continue to be low in relation to the current rate of sales. Outstanding orders are large. The consumption rate has continued high since the end of the war and no immediate change can be foreseen. However, certain forces that may



tend to weaken the demand for cotton goods are expected to become more prominent during 1947. As home construction and production of automobiles and household appliances increase, consumer expenditures will be shifted somewhat and a smaller proportion will be available for food and clothing. Also increased supplies of rayon textiles are booming available and will compete more effectively with cotton goods. These forces and the higher prices of cotton textiles and of other products, together with the exceptionally high peacetime rate of production, seem likely to eliminate the gap between the demand for and the supply of cotton goods by the end of the current season. Consumption is expected to average an annual rate of about 9-3/4 million bales for the first 6 months of the 1946-47 season, but may run at a lower rate during the last half of the season.

As of August 1, Commodity Credit Corporation had requisitions on hand for the sale of export cotton totaling about 0.7 million bales. On the same date, registered sales and consignments under the Cotton Sales for Export Program totaled about 1.1 million bales. This total of around 1.8 million bales will be supplemented as the year proceeds by additional sales. While it is too early to forecast exports for the year accurately, exports for the first six months may total between 1.5 and 2 million bales. The total for the season is expected to equal about 3 million bales.

The recent advance in cotton prices, if sustained through the 1947 planting season, makes cotton a more effective competitor with alternative enterprises for labor and other resources used in production. Farm labor and machinery supplies are expected to increase. Reasonably favorable weather during the 1947 season, in contrast to the adverse weather of the past two seasons, would also result in the planting of a larger acreage and would contribute toward higher yields per acre.

Since the beginning of the war, prices of cotton have risen more rapidly than rayon prices so that the ratio of rayon to cotton prices has become increasingly favorable to rayon. Total rayon production in the United States is continuing to expand, and production of staple fiber, which was curtailed during the war, has been resumed. Also, the advance in cotton prices since June 1946 has greatly widened the spreads between domestic and foreign cotton prices, thereby lowering prospective exports.

Present estimates indicate that the world consumption of all kinds of commercial cotton in the 1945-46 marketing year amounted to about 23.2 million bales. Consumption of commercial cotton in foreign countries expanded about one-fifth during 1945-46. This is in contrast to the United States where consumption contracted about 4 percent during the same period. A further increase in foreign consumption of about 29 percent appears likely for next year.

The world carry-over of all kinds of commercial cotton on August 1, 1946 is now tentatively estimated at 16 percent below a year earlier, but this estimated carry-over is 21 percent above the 1935-39 average. The reduction in world carry-over is largely accounted for by the reduction in stocks of American cotton. The 1946 world commercial crop of cotton is now estimated at 9 percent above the 1945 world crop, but is 29 percent below the 1935-39 average. World supplies of commercial cotton for the current season are now assumed to be 42.0 million bales, 7.0 million bales less than in the peak year of 1939 and 5.0 million bales less than the 1935-39 average. World consumption of commercial cotton in 1946-47 may increase some 19 percent over consumption during the 1945-46 season. Such an increase in consumption would result in a world carry-over on August 1, 1947, approximately 30 percent below the carry-over on August 1, 1946, and about 15 percent below the 1935-39 average. Estimates of world production, consumption and carry-over of commercial foreign grown cotton have been recently revised in light of data which have become available since the end of hostilities.



## UNITED STATES COTTON-SITUATION AND-OUTLOOK

Returns from 1946 Crop Will Be  
Up Compared with 1945 Crop

The price received by farmers for cotton on August 15 was 33.55 cents a pound 12.22 cents above a year earlier. The 1946 crop is forecast at 9,171,000 (500 pound) bales compared to the 9,015,000 bale crop produced in 1945. On the basis of recent prices and the crop forecast, it appears that returns from the 1946 crop of lint will equal \$1.5 billion compared with \$1.0 billion received from the 1945 crop. The price received by farmers on August 15 for cottonseed was \$59.10 a ton, \$6.60 above the price a year earlier. At the higher prices this year, the slightly larger 1946 crop of cottonseed would bring farmers \$194 million compared with \$162 million received from cottonseed in 1945. Cash receipts from 1946 cotton and cottonseed would equal about \$1-3/4 billion compared with \$1-1/4 billion from the 1945 crop and the 1935-39 average of 3/4 billion dollars. Returns from <sup>the</sup> 1946 crop would be the largest since 1925.

Farm Price Highest Since July 1920

In August, farmers received an average of 33.55 cents a pound for cotton compared with 21.33 received a year earlier. The August 15 price is the highest mid-month farm price since July 1920 and is 133 percent of parity compared with 99 percent a year ago. On September 14, the price of Middling 15/16-inch cotton averaged 36.71 cents a pound, or 14.12 cents higher than a year earlier. The 10 spot market price advanced about 3/4 cent between August 15 and September 14. This increase in prices at spot markets should have been realized in part at the farm level. Thus, prices farmers are receiving in early September, the first important month from the standpoint of 1946 farm marketings, should be somewhat higher than August 15 prices.

It is important, from the standpoint of cotton producers, to note that the farm price on August 15 was less than 2.0 cents below the price of Middling 15/16-inch cotton for the first time since December. However, the spread was still .89 cents wider than on August 15 a year earlier and 1.19 cents wider than the 1935-39 average. If the 1946 crop is of significantly higher quality than the 1945 crop, this spread should be somewhat narrower than last season's average of 3.44 cents.

Current Prices Approaching  
Post-World War I Peak

Cotton prices during the World War II period did not increase as rapidly or fluctuate over as wide a range as during World War I, although a general upward trend was maintained. Price ceilings on manufactured cotton goods, together with government loans at from 85 to 95 percent of parity acted as price stabilizing influences during World War II. After dropping significantly at the close of World War I, prices received by farmers increased rapidly to a postwar high of 38.5 cents per pound in April 1920. In contrast, the midmonth



price received by farmers following V-J Day increased almost constantly during the first year, although the increase averaged slightly less than 1/2 cent per month. From June 15 to August 15, 1946, however, farm prices advanced from 25.98 to 33.55 cents per pound and spot market prices as of mid-September were slightly higher than a month earlier. Thus farm prices have advanced about 30 percent since June 15 and are within about 4 cents of the peak reached following World War I.

Prices Rise - Textile  
Ceilings Increased

The sharp rise in cotton prices, beginning with the last half of June and becoming more pronounced in July, may be attributed in part to the raising of price ceilings on manufactured cotton goods. Immediately following the enactment of legislation extending authority for price controls beyond July 1, 1946, amended price ceilings were issued granting increases averaging about 17 percent on cotton textiles. On August 30 and September 18 additional amendments were issued granting increases of 2-1/2 and 2 percent, respectively, and bringing the total increase in ceiling prices to about 21.5 percent from June 30 to September 20. The new ceilings on cotton goods were applicable at the producer level with provisions for appropriate adjustments at wholesale and retail levels.

Parity Index Expected To Be  
Higher in 1947

The parity price for cotton averaged 22.31 cents per pound for the 1945 crop year and stood at 24.68 for July 1946. Based on the July figure, the loan rate for the 1946 crop is 22.83 cents per pound for Middling 7/8-inch cotton. Present expectations are that the parity index may average near present levels during the 1947 calendar year with the July 1947 figure somewhat above the yearly average.

Ratio of Rayon Prices to Cotton  
Prices Decreasing

Table 1 presents a summary of cotton and rayon prices for the period 1930 through August 1946. The outstanding characteristic of these data is the wartime and postwar stability of rayon prices in contrast to cotton prices which increased several times. The ratio of rayon to cotton prices consequently became increasingly favorable to rayon from the standpoint of mill consumption. In August, 1946, the ratio of the price of rayon yarn<sup>1/</sup> to the price of cotton yarn<sup>2/</sup> was .72 compared with .89 during the marketing season ending July 31, 1946, and the 1935-39 average of 1.55. The ratios of the price of rayon staple fiber<sup>3/</sup> to Middling 15/16-inch cotton for these respective periods were .62, .84 and 2.15. Despite increases in labor and raw material costs, the rayon industry has realized a favorable level of profits with prewar prices for their products.

1/ Wholesale price of Viscose, first quality yarn 150 denier.

2/ Wholesale price of Single 40's carded.

3/ Wholesale price of Viscose, 1 1/2 denier. Assumes net waste multiplier of 1.05.

Table 1.-Cotton and rayon: Actual prices of year and equivalent prices of raw fiber, United States, average 1930-34, 1935-39 and 1940 to date.

Year beginning August	Actual prices per pound		Equivalent prices per lb. of usable fiber					Ratios	
	Rayon	Cotton	Rayon	Cotton	Middling: S. M.	Rayon	Rayon	Rayon	Rayon
	filament:	Yarn 2/	Staple	15/16"	1-1/16"	yarn to:	Staple	staple	staple
	yarn 1/		Fiber 3/			yarn	Mid. 15/16"	S. M. 1-1/16"	
	Cents	Cents	Cents	Cents	Cents				
Av. 1930-34	67	37	46.83	11.68	13.54	1.86	4.36	3.69	
Av. 1935-39	56	36	28.56	13.37	14.95	1.55	2.15	1.93	
1940	53	39	26.25	13.71	15.34	1.36	1.91	1.71	
1941	55	50	26.25	22.33	25.01	1.10	1.18	1.05	
1942	55	52	26.25	24.55	27.45	1.07	1.07	.96	
1943	55	52	25.20	25.07	27.97	1.07	1.01	.90	
1944	55	56	26.25	26.47	28.97	.98	.99	.91	
1945	55	62	26.25	31.26	33.15	.89	.84	.79	
Aug.	55	57	26.25	27.00	29.46	.96	.97	.89	
Sept.	55	59	26.25	27.19	29.43	.93	.97	.89	
Oct.	55	59	26.25	27.97	29.99	.93	.94	.88	
Nov.	55	59	26.25	29.03	30.90	.93	.90	.85	
Dec.	55	59	26.25	29.65	31.60	.93	.89	.83	
Jan.	55	59	26.25	29.84	31.79	.93	.88	.83	
Feb.	55	59	26.25	31.19	32.74	.93	.84	.80	
Mar.	55	63	26.25	32.15	33.84	.87	.82	.78	
April	55	65	26.25	33.15	34.88	.85	.79	.75	
May	55	67	26.25	32.87	34.58	.82	.80	.76	
June	55	67	26.25	35.08	36.78	.82	.75	.71	
July	55	67	26.25	39.37	41.92	.82	.66	.63	
1946									
Aug.	55	76	26.25	42.42	44.18	.72	.62	.59	

1/ Wholesale price of Viscose, first quality yarn, 150 denier. 2/ Wholesale price of Single 40's carded. 3/ Wholesale price of Viscose, 1-1/2 denier. Assumes net waste multiplier of 1.05. 4/ Prices of Memphis Territory growths, landed Group B mill points and assuming net waste multiplier of 1.15.

Compiled from data from Bureau of Labor Statistics and Cotton Branch, Production and Marketing Administration.



Cotton Consumption expected to remain  
High for next several months

Cotton consumption in the year ending July 31, 1946 totaled 9.2 million bales and the August daily rate of mill consumption, converted to an annual basis, amounts to about 10.0 million bales.

Employment in the textile industry increased rather steadily from 429 to 448 thousand persons during the first six months of this year, reflecting an increase in the availability of labor following demobilization of the armed forces and cut-backs in war industries. With increased availability of labor and an easing of the machinery and spare parts situation in prospect, these factors should not limit cotton consumption in the 1946-47 marketing season as much as in the later war years. In the year ahead, the relationship between the demand for cotton textiles and the supply (as measured by current production and inventories) will probably be more important in the cotton consumption picture than labor and material shortages.

When estimates of the dollar value of cotton textile inventories in the hands of manufacturers as reported by the Department of Commerce are converted to 1939 dollars they indicate that physical inventories of cotton textiles in the hands of manufacturers in June 1946 were 22 percent smaller than in 1939 and 23.7 percent smaller than in 1941. Cotton-textile inventories declined steadily from 1939 to a low in September 1945 of about two-thirds the 1939 level. From September 1945 to February 1946 inventories accumulated rapidly to a point only about 15 percent below the 1939 level. Following the issuance of orders limiting inventories, inventories fell off again, and in June amounted to only 78 percent of the 1939 level. This decrease between 1939 and June 1946 came in spite of a 37 percent increase in the index of mill consumption of raw cotton.

Wholesalers' and retailers' inventories of textiles are also significant, but very little information is available on them. In May 1946, (the latest data available), the dollar value of stocks of women's apparel and accessories, as reported by the Federal Reserve Board, were 83.4 percent above 1941 levels; stocks of men's and boys' wear were 5.4 percent above 1941; and stocks of piece goods were up 14.5 percent. These increases in stocks seem warranted by sales. For example, in May 1946, retail sales of women's apparel and accessories in department stores, as reported by the Federal Reserve Board, were 104 percent greater than in 1941; sales of men's and boys' wear were 71 percent above 1941; while sales of piece goods were 167 percent higher, the greatest increase for any of the item groups in the stores. Thus May 1946 retail stocks, generally and especially men's and boys' apparel, were lower relative to sales than in 1941.

The ratio of total stocks to total sales in the main department stores, as reported by the Federal Reserve Board, was 2.4 for May 1946 compared with 2.8 the same month a year earlier and about 2.6 for May of 1941.

On the basis of the information presented above and the information on cloth production presented in the August 1946 issue of the Cotton Situation, supplies of cotton textiles and apparel appear to be quite low in relation to the current rate of sales. However, outstanding orders are large. Although the consumption rate has continued high since the end of the war and no immediate change can be foreseen, certain forces that may tend to weaken the demand for cotton goods are



expected to become more prominent during 1947. As home construction and production of automobiles and household appliances increase, consumer expenditures will be shifted somewhat and a smaller proportion will be available for food and clothing. Also increased supplies of rayon textiles are becoming available and will compete more effectively with cotton goods. These forces and the higher prices of cotton textiles and of other products, together with the exceptionally high peacetime rate of production, seem likely to eliminate the gap between the demand for and the supply of cotton goods by the end of the current season.

On the basis of mill consumption in August, Civilian Production Administration estimates of cloth production, the current level of industrial activity, the current volume of income payments and the increased availability of labor in the cotton textile industry, it appears that cotton consumption for the first six months of this crop year may run at an annual rate of 9-3/4 million bales, but the rate for the last half of the season may be somewhat lower.

#### Export Prospects in line with the season's Supplies

In the year ahead, foreign takings of American Cotton will be favorably influenced by government programs such as United States export arrangements with Japan and Germany, UNRRA purchases, Export-Import Bank Loans, export payments and the loan to Britain. The relatively larger stock of foreign cotton and the current high price of United States cotton relative to that of foreign growths are unfavorable factors in the export outlook for United States cotton. As of August 1, the Commodity Credit Corporation had requisitions on hand from various governmental agencies and international organizations totaling around .7 million bales. On the same date, registered sales and consignments under the export payment program totaled another 1.1 million bales. This total of 1.8 million bales will be supplemented during the year by additional sales. It is too early to forecast accurately United States exports of cotton for the entire 1946-47 season. However, exports for the six months ending January 1947 may total between 1.5 and 2 million bales. The total for the season is expected to equal about 3 million bales.

#### Further Decline in domestic Carry-over in Prospect

With supplies of all kinds of cotton in the United States for the 1946-47 marketing season indicated at 16.7 million bales (assuming imports of 200,000 bales) and total disappearance expected to be slightly less than the 12.8 million bales which disappeared in 1945-46, the domestic carry-over of all kinds of cotton in the United States on August 1, 1947, is expected to be a little over 4 million bales. This is well below the 7.5 million bales on hand August 1, 1946.

#### Outlook Favorable for an Expansion of Domestic Production

For two years, adverse weather has been holding down both the yield of cotton and the acreage in cultivation. Scarcity of farm labor and a lack of new machinery also restricted cotton production during the war and in 1946. Reasonably favorable weather during the 1947 season should result in larger plantings and also favor higher yields. A more favorable labor situation and increased

machinery supplies is expected to facilitate higher production. The present level of cotton prices, if sustained, through the 1947 planting season, would allow cotton to compete more effectively with alternative enterprises for labor and other resources used in production. Should consumption in 1947-48 amount to as much as 8.5 million bales, a 1947 crop of about the size of the 1946 crop would leave only around 4.5 million bales of cotton available for exports and end-of-season working stocks.

#### Rayon Deliveries Expand with Staple Fiber Resuming its Prewar Trend

In the first 7 months of 1946, rayon deliveries in the United States averaged the equivalent of about 163,000 bales of cotton a month compared with 149,000 bales in the corresponding months a year earlier. If the rayon deliveries continue to bear the same relation to a year earlier as during the first 7 months of 1946, total rayon deliveries for calendar year 1946 will be the equivalent of about 1,970,000 bales of cotton compared with 1,806,000 bales in 1945.

For the three years, 1943-45 and for the first two months of 1946, deliveries of rayon staple fiber remained constant at an annual rate of about 165 million pounds. In the same period, a consistent expansion of filament yarn deliveries occurred which was made possible, in large part, by the extension of priorities to bring about an expansion of high tenacity yarn production. Army specifications required the use of high tenacity rayon in the tires which they purchased. Since February 1946, deliveries of both staple fiber and filament yarn have been increasing with staple fiber apparently resuming its prewar upward trend.

### WORLD COTTON SITUATION AND OUTLOOK

#### Prices of Foreign Cotton not keeping pace with Domestic Prices

The spreads 1/ between the price of Middling 15/16 inch cotton at New Orleans and the price of Brazilian and Mexican cottons of near comparable quality narrowed very considerably during the early part of this summer. The smallest spread between the market price of Middling 15/16 inch cotton at New Orleans and of type 5 at Sao Paulo, Brazil, occurred on June 7 and the smallest spread between the price of Middling 15/16 inch cotton at New Orleans and

1/ Although comparisons are often made between the price series used in this section, it should be noted that there are several reasons why they are not exactly comparable. The qualities of cotton quoted are not exactly equivalent; American cotton is on a gross weight, whereas other growths are on a net weight basis; Brazilian and Mexican prices are at interior markets rather than at ports; and there is an export tax on Brazilian cotton. Furthermore, there are a number of cost items involved in the movement of these kinds of cotton to an importing country which may differ substantially for the different growths at any particular time. The most important of these, particularly in times of war, include ocean shipping rates and insurance. Nevertheless, changes in the price spreads between these various markets from one time to another, and especially over periods in which shipping rates and other costs remain essentially unchanged, are indicative of changes in the competitive price position of these particular qualities of American and foreign growths.



Middling 15/16 inch cotton at Torreon, Mexico, occurred on May 31 when the price of Middling 15/16 inch cotton at New Orleans was near 28 cents. Since early in June, the price spreads have widened about 6.3 cents in the case of Sao Paulo prices and about 2.1 cents in the case of Torreon prices.

Spreads between the price of Jarilla spot cotton in Bombay and the price of Middling 15/16 inch cotton have partially followed the pattern of spreads between prices in western hemisphere foreign countries and prices in the United States though the spread did not narrow a great deal in the early summer. However, since May 10 the spread widened consistently in much the same manner as the spread between United States and Brazilian or Mexican prices. In the week ending September 13, the spread between the price of Jarilla spot cotton at Bombay and the price of Middling 15/16 inch cotton at New Orleans was 8.6 cents wider than on June 7.

From February to June the general narrowing of spread between United States and Brazilian or Mexican prices was generally attributed to the improved relationship between foreign supplies and foreign consumption. After June, Brazilian prices advanced 2.5 cents to a high on July 19 but since that date have fallen off by about 2-3/4 cents. Mexican prices have increased steadily during the first half of 1946 and on September 13 were more than 6 cents above early June prices. On the other hand, Jarilla spot prices strengthened and then weakened in a manner similar to Brazilian prices, and on September 13 were 1/2 cent below June 7 levels.

The general widening of spreads between United States and foreign prices since early summer is due to the relatively greater increase in United States cotton prices.

#### Foreign Consumption Expands Rapidly - -

More United States cotton will be  
used in 1946 Crop Year

Present estimates indicate that consumption of foreign cotton increased from the 17 year low of 10.1 million bales for the 1944 crop year to 12.2 million bales in the 1945 crop year. World consumption of all kinds of commercial cotton in the 1945 crop year is estimated at 23.2 million bales. On the continent of Europe, France, Russia and Italy were able to expand their 1945-46 total consumption considerably while, in the Orient, both China and Japan were able to make substantial expansions. Consumption in India fell off slightly but remained considerably above prewar levels. In no instance did the consumption of any important Asiatic or European country other than India exceed prewar consumption. Prospects are that total consumption in foreign countries will expand approximately 3 1/2 million bales during the 1946-47 season. Stocks of United States cotton which were increased this last year in such foreign countries as China, Japan, Italy and France will be consumed in 1946-47.

#### World Carry-over of both Foreign and United States Cotton Down

Present tentative estimates indicate that the world carry-over of all kinds of commercial cotton on August 1, 1946, amounted to 21.0 million bales, 4.1 million bales below a year earlier but 3.6 million bales above the 1935-39 average.



The world carry-over of foreign cotton on August 1 amounted to 11.1 million bales, about 1.8 million bales less than on hand a year earlier. The world carry-over of United States cotton on August 1, 1946, amounted to 9.9 million bales, 2.3 million bales less than on hand a year earlier. Revised estimates of the world carry-over on August 1, 1945 are about 1.5 million bales below those in use a year ago largely as a result of revision in Russian, Chinese, Continental Europe and Japanese data for the war years.

#### Carry-over of Cotton in Foreign Locations Down Slightly

On the basis of revised data for foreign countries, it appears that the foreign carry-over of all kinds of commercial cotton on August 1, 1946 amounted to around 13.4 million bales compared with 13.9 million bales on hand a year earlier. The revised estimates for August 1, 1945, compares with the estimate being used about a year ago of over 15 million bales. The carry-over of foreign commercial cotton in foreign locations August 1, 1946 is estimated at 10.9 million bales, compared to 12.8 million a year earlier. The carry-over of United States cotton in foreign locations has increased principally in China, Japan, France and Italy from an estimated 1.1 million bales a year ago to 2.5 million bales this year largely as a result of the aggressive export program of the United States.

#### 1946 World Supplies of Commercial Cotton Down Around 2.3 Million Bales

According to present tentative estimates of carry-over and production, world supplies of cotton in the 1946 crop year are estimated at 42.0 million bales, 7.0 million less than in the peak year of 1939, 5.0 million less than the 1935-39 average and 2.3 million less than on hand a year ago. The 1946 world crop of commercial cotton is now estimated at 21.0 million bales compared with 19.2 in 1945 and the 1935-39 average of 29.7 million bales. If world consumption increases to around 27 million bales in the 1946 crop year (compared with 23.2 in the 1945-46 and the 1935-39 average of 28.5 million bales) and production runs about as estimated, the world carry-over will be reduced by around 6 million bales next August 1. Such a level would be around 2½ million bales below the 1935-39 average of over 17 million bales.

#### World Production of Rayon Sharply Curtailed in 1945

Recently published data indicate that 1945 world production of rayon <sup>1/</sup> was the equivalent of 3.6 million bales of cotton compared with 4.9 million bales in 1944 and 6.7 million bales in 1941, the peak production year. Foreign production was reduced in 1945, largely as a result of the bombing and occupation of Germany, Italy, and Japan, to the equivalent of 1.7 million bales of cotton compared with 3.2 in 1944 and 5.3 in 1941, the peak production year. World rayon production may increase slightly in 1946, as a result of some expansion in the United Kingdom, Canada, and the United States, which would offset anticipated declines on the continent of Europe and in Japan.

<sup>1/</sup> Production in pounds from July 1946 Rayon Organon, a publication of the Textile Economics Bureau, Inc. Converted to cotton equivalent by assuming 425 pounds of rayon equivalent to a 500 pound gross weight bale of cotton.

1946 World Production of Cotton  
and Rayon Below present and  
future requirements

The combined world consumption of cotton and rayon may be the equivalent of over 30 million bales of cotton during the 1946 crop year when production of these two fibers may total the equivalent of only  $24\frac{1}{4}$  million bales. Peak world consumption of these two fibers totaled around  $33\text{-}3\frac{3}{4}$  million bales in 1936. With the increase in world population since 1936 and the recovery of the world textile industry, it is apparent that world consumption of cotton or cotton and rayon will rapidly approach the 1936 level thereby making an expansion in production necessary. Such an expansion is in prospect.

Table 2.- Cotton prices: Comparison between American and foreign growths for specified dates, 1944 and 1946.

		Type 5 at		M. 15/16"		Jarilla	
		Sao Paulo		at Torreon, Mexico		at Bombay	
Date		at New Orleans	Actual	:M.15/16"at New Orleans:	Actual	:M.15/16"at New Orleans:	Actual
		Cents	Cents	Cents	Cents	Cents	Cents
1944							
Av. 2/		21.30	14.69	6.61	18.22	3.08	15.73
Nov. 15		Date on which Export Payment program became effective.					
1946							
Jan. 18		24.45	15.89	8.56	19.33	5.12	16.64
" 25		24.85	4/	---	19.53	5.32	16.66
Feb. 1		25.00	16.22	8.78	19.53	5.47	17.12
" 8		25.50	16.30	9.20	19.53	5.97	17.50
" 15		26.10	16.88	9.22	19.53	6.57	17.21
" 22		5/26.15	4/	---	19.53	6.62	17.59
Mar. 1		26.75	17.70	9.05	19.53	7.22	18.09
" 8		26.45	18.36	8.09	19.94	6.51	18.05
" 15		26.30	18.03	8.27	19.94	6.36	17.91
" 22		26.65	18.11	8.54	19.94	6.71	17.81
" 29		27.40	18.52	8.88	20.04	7.36	17.63
Apr. 5		27.75	19.67	8.08	20.04	7.71	17.02
" 12		27.05	19.67	7.38	20.14	6.91	17.66
" 19		5/27.55	4/	---	4/	---	17.37
" 26		27.50	19.37	8.13	20.34	7.16	17.90
May 3		27.30	19.04	8.26	20.34	6.96	18.52
" 10		27.45	4/	---	20.40	7.05	18.32
" 17		26.95	19.86	7.09	20.40	6.55	17.90
" 24		27.60	20.19	7.41	20.40	7.20	17.44
" 31		27.85	21.51	6.34	21.56	6.29	16.75
June 7		28.45	24.64	3.81	21.56	6.89	16.78
" 14		29.00	23.90	5.10	21.56	7.44	16.94
" 21		29.20	24.97	4.23	21.56	7.64	17.17
" 28		30.95	26.46	4.49	21.55	9.40	17.48
July 5		31.10	26.46	4.64	21.55	9.55	17.82
" 12		34.20	28.19	6.01	21.55	12.65	17.79
" 19		35.65	28.93	6.72	24.22	11.43	17.94
" 26		32.30	25.73	6.57	24.22	8.08	18.02
Aug. 2		33.95	25.90	8.05	24.62	9.33	17.79
" 9		36.05	27.51	8.54	24.62	11.43	17.71
" 16		35.30	26.87	8.93	25.64	10.16	16.94
" 23		35.90	25.74	10.16	25.64	10.26	15.33
" 30		36.30	25.91	10.39	25.64	10.66	15.75
Sept. 6		36.40	26.48	9.92	27.65	8.75	16.13
" 13		36.60	26.23	10.37	27.65	8.95	16.32

1/ January futures used during January; March futures, through March 22; May futures through April 12. Spot prices for April 17 to date.

2/ Average of Oct. 20, 27, Nov. 3 and 10, 1944 - the 4 weeks preceding the announcement of the 4.00 cents export payment for American cotton.

3/ The April 1945 and Dec. 1945-January 1946 issues of The Cotton Situation gives comparable data prior to this date.

4/ No quotations received.

5/ Holiday; price for preceding day was used.

Prices at New Orleans are from reports of the Cotton Branch, Production and Marketing Administration. Foreign prices are from Cables received in Office of Foreign Agricultural Relations.



Table 3.-Cotton and cottonseed: Returns from marketings and Government payments, 1909-46

Crop year	Returns from marketings			Government payments	Returns including Government payments
	Cotton lint	Cottonseed	Total		
	1,000 dollars	1,000 dollars	1,000 dollars	1,000 dollars	1,000 dollars
1909	676,558	79,597	756,155		
1910	810,507	107,189	917,696		
1911	756,989	84,522	841,511		
1912	787,645	84,076	871,721		
1913	882,502	106,417	988,919		
1914	592,192	89,504	681,696		
1915	626,897	126,416	753,313		
1916	993,514	205,220	1,198,734		
1917	1,528,535	273,638	1,802,173		
1918	1,735,227	290,709	2,025,936		
1919	2,016,075	262,703	2,278,778		
1920	1,066,759	105,161	1,171,920		
1921	675,500	84,343	759,843		
1922	1,116,133	97,870	1,214,003		
1923	1,454,714	135,145	1,589,859		
1924	1,561,021	152,529	1,713,550		
1925	1,578,674	174,203	1,752,877		
1926	1,121,185	140,238	1,261,423		
1927	1,308,088	159,720	1,467,808		
1928	1,301,404	173,754	1,475,158		
1929	1,243,340	155,288	1,398,628		
1930	658,981	103,492	762,473		
1931	483,575	50,432	534,007		
1932	423,975	46,945	470,920		
1933	663,383	53,571	716,954	181,025	897,979
1934	595,572	112,782	708,354	115,226	823,580
1935	590,021	114,522	704,543	1/ 160,222	864,765
1936	766,222	150,767	916,989	86,884	1,003,873
1937	796,469	129,208	925,677	2/ 191,742	1,117,419
1938	513,704	92,806	606,510	142,595	749,105
1939	536,996	86,150	623,146	215,012	838,158
1940	621,284	97,552	718,836	198,316	917,152
1941	914,313	188,691	1,103,004	184,957	1,287,961
1942	1,219,716	205,974	1,425,690	80,167	1,505,857
1943	1,135,605	207,472	1,343,077	74,204	1,417,281
1944	1,267,857	229,690	1,497,547	0	1,497,547
1945	1,009,612	162,181	1,171,793	0	1,171,793
1946 3/	1,538,000	194,000	1,732,000	0	1,732,000

1/ Includes payments of \$39,771,000 under 1935 Cotton Price Adjustment Program made mostly in 1936. 2/ Includes payments of \$123,000,000 under 1937 Cotton Price Adjustment Program made mostly in 1938. 3/ Preliminary. Based on September estimate of production and August 15 prices. Compiled from reports of the Bureau of Agricultural Economics and of the Field Service Branch, Production and Marketing Administration.

Table 4. - Returns per acre of cotton, prices paid including interest and taxes, and purchasing power of returns per acre of cotton, United States, 1909-46

Year begin- ning Aug. 1	Returns from marketing of cotton: lint and cottonseed: per acre of cotton harvested		Returns including Government payments		Index of prices paid: by farmers including interest and taxes 1/		Index of purchasing power of returns per acre of cotton harvested	
	Index		Index		1909-13		1910-14	
	Actual		Actual		1909-13		1910-14	
	= 100		= 100		= 100		= 100	
	Dollars		Dollars					
1909	24.75	93			---		---	
1910	29.13	110			98		112	
1911	24.10	91			100		91	
1912	26.78	101			101		100	
1913	28.09	106			102		104	
1914	19.14	72			104		69	
1915	25.15	95			116		82	
1916	36.25	136			136		100	
1917	55.89	210			161		131	
1918	57.82	218			186		117	
1919	69.25	261			200		130	
1920	54.06	128			184		70	
1921	26.50	100			164		61	
1922	38.71	146			166		88	
1923	44.72	168			166		101	
1924	43.38	165			169		96	
1925	59.49	149			169		88	
1926	28.28	106			167		63	
1927	38.28	144			167		86	
1928	34.78	131			167		78	
1929	32.39	122			164		74	
1930	17.97	68			150		45	
1931	13.80	52			130		40	
1932	13.12	49			117		42	
1933	24.40	92	30.57	115	127		72	91
1934	26.37	99	30.66	115	131		76	88
1935	25.61	96	31.43	118	126		76	94
1936	30.82	116	33.74	127	133		87	95
1937	27.53	104	33.79	127	129		81	98
1938	25.01	94	30.89	116	124		76	94
1939	26.18	99	35.21	133	125		79	106
1940	30.13	113	38.44	145	126		90	115
1941	49.60	187	57.92	218	144		130	151
1942	63.08	257	66.63	250	157		151	159
1943	62.03	233	65.46	246	168		139	146
1944	74.84	282	74.84	282	172		164	164
1945 2/	67.97	256	67.97	256	180		142	142
1946 2/	97.43	367	97.43	367	3/		3/	3/

1/ Prior to 1923 average of successive calendar years; 1923 to date on August 1 year. 2/ Preliminary. 3/ Not available.

Compiled from official sources.



Table 5.—Gross farm income, 10 specified cotton States, 1924-45 1/

Year	Gross farm income										Income from cotton and cottonseed as a percentage of		
	Cotton and cottonseed		Other crops		Livestock and products		Cash income from sales		Government payments		Sales minus government payments		Total gross income
	1,000 dollars	1,000 dollars	1,000 dollars	1,000 dollars	1,000 dollars	1,000 dollars	1,000 dollars	1,000 dollars	1,000 dollars	1,000 dollars	1,000 dollars	1,000 dollars	Percent
1924	1,586,614	539,006	2,125,620	456,091	2,581,711	2,581,711	2,581,711	2,581,711	2,581,711	2,581,711	2,581,711	2,581,711	61
1925	1,697,884	513,927	2,211,811	527,598	2,739,409	2,739,409	2,739,409	2,739,409	2,739,409	2,739,409	2,739,409	2,739,409	62
1926	1,170,602	589,528	1,760,130	546,717	2,306,847	2,306,847	2,306,847	2,306,847	2,306,847	2,306,847	2,306,847	2,306,847	51
1927	1,450,206	577,968	2,028,174	595,228	2,623,402	2,623,402	2,623,402	2,623,402	2,623,402	2,623,402	2,623,402	2,623,402	55
1928	1,392,805	568,685	1,961,490	680,074	2,641,564	2,641,564	2,641,564	2,641,564	2,641,564	2,641,564	2,641,564	2,641,564	53
1929	1,425,242	549,755	1,974,997	669,279	2,644,276	2,644,276	2,644,276	2,644,276	2,644,276	2,644,276	2,644,276	2,644,276	54
1930	774,610	460,725	1,235,335	534,414	1,769,749	1,769,749	1,769,749	1,769,749	1,769,749	1,769,749	1,769,749	1,769,749	44
1931	466,704	339,719	806,423	376,979	1,183,402	1,183,402	1,183,402	1,183,402	1,183,402	1,183,402	1,183,402	1,183,402	39
1932	436,041	262,590	698,631	288,285	986,916	986,916	986,916	986,916	986,916	986,916	986,916	986,916	44
1933	547,103	329,046	876,149	308,559	1,184,708	1,184,708	1,184,708	1,184,708	1,184,708	1,184,708	1,184,708	1,184,708	46
1934	794,978	429,198	1,224,176	365,261	1,589,437	1,589,437	1,589,437	1,589,437	1,589,437	1,589,437	1,589,437	1,589,437	50
1935	666,422	459,704	1,126,126	465,249	1,591,375	1,591,375	1,591,375	1,591,375	1,591,375	1,591,375	1,591,375	1,591,375	42
1936	824,853	491,375	1,316,228	518,955	1,835,183	1,835,183	1,835,183	1,835,183	1,835,183	1,835,183	1,835,183	1,835,183	45
1937	800,497	606,848	1,407,345	625,394	2,032,739	2,032,739	2,032,739	2,032,739	2,032,739	2,032,739	2,032,739	2,032,739	39
1938	582,474	532,555	1,115,029	577,347	1,692,376	1,692,376	1,692,376	1,692,376	1,692,376	1,692,376	1,692,376	1,692,376	34
1939	550,976	521,725	1,072,701	604,341	1,677,042	1,677,042	1,677,042	1,677,042	1,677,042	1,677,042	1,677,042	1,677,042	33
1940	582,414	502,301	1,084,715	612,704	1,697,419	1,697,419	1,697,419	1,697,419	1,697,419	1,697,419	1,697,419	1,697,419	34
1941	920,205	642,195	1,562,400	803,803	2,366,203	2,366,203	2,366,203	2,366,203	2,366,203	2,366,203	2,366,203	2,366,203	39
1942	1,117,533	987,658	2,105,191	1,169,254	3,274,445	3,274,445	3,274,445	3,274,445	3,274,445	3,274,445	3,274,445	3,274,445	34
1943	1,190,170	1,225,152	2,415,322	1,576,644	3,991,966	3,991,966	3,991,966	3,991,966	3,991,966	3,991,966	3,991,966	3,991,966	30
1944	1,357,157	1,535,923	2,893,080	1,539,636	4,432,716	4,432,716	4,432,716	4,432,716	4,432,716	4,432,716	4,432,716	4,432,716	31
1945	931,198	1,656,720	2,587,918	1,644,404	4,232,322	4,232,322	4,232,322	4,232,322	4,232,322	4,232,322	4,232,322	4,232,322	22

1/ Calendar-year income in North Carolina, South Carolina, Georgia, Tennessee, Alabama, Mississippi, Arkansas, Louisiana, Oklahoma and Texas.

Table No. 6 - Gross farm income per person in farm population, 10 specified cotton states, 1924-45 1/

Year	Farm population January 1	Per capita gross farm income									
		Cotton and cotton-seed		Other crops		All crops		Live stock and products		Government payments	
		Dol.	Dol.	Dol.	Dol.	Dol.	Dol.	Dol.	Dol.	Dol.	Dol.
1924	13,226	120		41	161		195	34			46
1925	13,240	128		39	167		207	40			50
1926	13,196	89		44	133		175	42			52
1927	12,966	112		44	156		202	46			50
1928	12,998	107		44	151		203	52			49
1929	13,076	109		42	151		202	51			50
1930	13,072	59		36	95		136	41			45
1931	13,097	36		26	62		91	29			38
1932	13,231	33		20	53		75	22			30
1933	13,553	40		25	65		88	23	8	96	30
1934	13,443	59		32	91		118	27	13	131	33
1935	13,393	50		34	84		119	35	15	134	39
1936	13,274	62		37	99		138	39	7	145	41
1937	13,134	61		46	107		155	48	9	164	43
1938	13,100	44		41	85		129	44	18	147	40
1939	13,049	42		40	82		129	47	25	154	39
1940	12,917	45		39	84		131	47	23	154	39
1941	12,762	72		50	122		185	63	18	203	44
1942	12,297	91		80	171		266	95	18	284	55
1943	11,162	107		109	216		357	141	16	373	74
1944	10,488	129		147	276		423	147	18	441	81
1945	10,176	92		162	254		416	162	14	430	87

1/ Calendar-year income in N. C., S. C., Ga., Tenn., Ala., Miss., Ark., La., Okla., and Texas divided by farm population on January 1 in the same 10 States.



Table 7. Cotton: Exports from the United States to specified countries, average 1934-38, and annual 1939-45

Country of designation	Year beginning August 1				
	1939 1/2	1940	1941	1942	1943
	Running Bales	Running bales	Running bales	Running bales	Running bales
Belgium.....	199,899	0	0	0	70,966
Czechoslovakia.....	0	0	0	0	68,917
Finland.....	27,292	25,744	0	0	15,743
France.....	724,025	0	0	0	768,491
Germany.....	18,992	0	0	0	6,208
Greece.....	10,618	500	0	0	27,932
Italy.....	542,400	0	0	0	499,583
Netherlands.....	159,876	0	0	0	45,945
Norway.....	27,347	0	0	0	650
Poland and Danzig.....	5,253	0	0	0	92,346
Portugal.....	32,629	375	150	0	0
Spain.....	270,459	0	0	109,293	154,463
Sweden.....	191,241	41,686	33,037	0	2,304
Switzerland.....	39,363	3,696	7,729	0	26,396
U.S.S. Republics.....	0	139,057	0	0	0
United Kingdom.....	1,904,877	420,307	791,264	1,017,418	287,138
Yugoslavia.....	33,192	1,200	0	0	90,107
Other Europe.....	55,536	0	0	0	3,995
Total Europe.....	4,242,999	652,565	832,130	1,126,711	2,161,134
British India.....	89,766	1,000	0	0	0
Canada.....	412,424	171,939	217,528	321,995	310,302
China.....	408,024	94,699	12,660	0	691,355
Japan.....	914,254	117,828	15,918	0	339,925
Other Countries.....	124,245	93,866	46,704	31,564	28,243
Total all countries.....	6,162,900	1,111,897	1,124,990	1,480,270	3,551,009

1/ Preliminary by countries as revised exports by countries are not available.

2/ Preliminary and excludes War Department shipments.

Compiled from reports of the Department of Commerce.

Table 8 .-Cotton, American: World supply and consumption, 1920-46

Year begin- ning Aug.	Supply							Mill consumption 1/		
	Carry-over Aug. 1									
	United States			Foreign	World	World	World	United	Foreign	World
	Loan	Other	Total	coun-tries	total	produc-:tion	total	States	coun-tries	total
	stocks	stocks			carry-over		supply			consumption
	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
	run-ning	run-ning	run-ning	run-ning	run-ning	run-ning	run-ning	run-ning	run-ning	run-ning
	bales	bales	bales	bales	bales	bales	bales	bales	bales	bales
1920	0	3,541	3,541	2,797	6,338	13,664	20,002	4,677	5,591	10,268
1921	0	6,724	6,724	2,950	9,674	8,285	17,959	5,613	6,596	12,209
1922	0	3,156	3,156	2,524	5,680	10,124	15,804	6,325	6,124	12,449
1923	0	2,129	2,129	1,189	3,318	10,330	13,648	5,353	5,534	10,917
1924	0	1,439	1,439	1,272	2,711	14,006	16,717	5,917	7,394	13,311
1925	0	1,503	1,503	1,877	3,380	13,181	19,561	6,176	7,834	14,010
1926	0	3,413	3,413	2,088	5,501	18,162	23,663	6,880	8,868	15,748
1927	0	3,662	3,662	4,183	7,845	12,957	20,802	6,535	9,041	15,576
1928	0	2,425	2,425	2,781	5,206	14,555	19,761	6,778	8,448	15,226
1929	0	2,131	2,131	2,386	4,517	14,716	19,233	5,803	7,218	13,021
1930	2/1,312	3,010	4,322	1,865	6,187	13,873	20,060	5,084	5,972	11,056
1931	2/3,393	2,870	6,263	2,713	8,976	16,877	25,853	4,744	7,784	12,528
1932	2/2,379	7,201	9,580	3,683	13,263	12,961	26,224	6,004	8,381	14,385
1933	1,129	6,952	8,081	3,728	11,809	12,712	24,521	5,553	8,227	13,780
1934	3,002	4,646	7,648	3,033	10,701	9,576	20,277	5,241	5,965	11,206
1935	5,088	2,049	7,137	1,904	9,041	10,495	19,536	6,221	6,282	12,503
1936	3,237	2,099	5,336	1,662	6,998	12,375	19,373	7,768	5,325	13,093
1937	4,665	2,722	4,387	1,848	6,235	18,412	24,647	5,616	5,179	10,795
1938	6,964	4,482	11,446	2,341	13,787	11,665	25,452	6,736	4,513	11,249
1939	11,049	1,907	12,956	1,181	14,137	11,418	25,555	7,655	5,221	12,876
Av. 1935-1939	5,601	2,651	8,253	1,787	10,040	12,873	22,913	6,799	5,304	12,103
1940	8,733	1,736	10,469	2,073	12,542	12,305	24,847	9,576	2,291	11,867
1941 3/	7,047	4,979	12,026	771	12,797	10,628	23,425	10,974	1,186	12,160
1942 3/	4,218	6,287	10,505	660	11,165	12,604	23,769	10,930	1,313	12,243
1943 3/	4,608	5,961	10,569	817	11,386	11,161	22,547	9,829	1,200	11,129
1944 3/			10,626	724	11,350	11,855	23,205	9,448	1,500	10,948
1945 3/			11,040	1,724	12,150	8,773	20,923	8,969	2,000	10,969
1946 3/			7,369	2,501	9,870	8,938				

1/ Excluding from 18,000 to 183,000 bales destroyed annually.

2/ Probably includes some futures, the exact amount of which is not known.

3/ Preliminary and partly estimated.

Compiled from reports of the Bureau of the Census, the New York Cotton Exchange Service, the Commodity Credit Corporation, and estimates by the Department of Agriculture.



Table 9.-Cotton, foreign: World supply and consumption, 1920-46

Year begin- ning Aug.	Supply					Mill consumption 1/		
	② Carry-over	August 1	World	World	World	United	Foreign	World
	United	Foreign	total	produc-	total	States	countries	total
	States	countries	carry-	tion	supply			consump-
			over					tion
	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
	bales	bales	bales	bales	bales	bales	bales	bales
	2/	2/	2/	2/	2/	2/	2/	2/
1920	283	5,131	5,414	6,964	12,378	216	6,667	6,883
1921	172	5,323	5,495	6,888	12,383	297	7,272	6,569
1922	166	4,648	4,814	8,327	13,141	341	8,547	8,888
1923	196	4,057	4,253	8,760	13,013	328	8,782	9,110
1924	117	3,786	3,903	10,088	13,991	276	9,147	9,423
1925	107	4,461	4,568	10,562	15,130	260	9,878	10,158
1926	129	4,843	4,972	9,768	14,740	310	9,621	9,931
1927	100	4,709	4,809	10,386	15,195	299	9,567	9,866
1928	111	5,218	5,329	11,247	16,576	313	10,239	10,552
1929	182	5,842	6,024	11,535	17,559	303	11,551	11,854
1930	208	5,497	5,705	11,503	17,208	179	11,197	11,376
1931	107	5,725	5,832	9,602	15,434	122	10,239	10,361
1932	98	4,975	5,073	10,500	15,573	133	10,133	10,266
1933	83	5,224	5,307	13,354	18,661	147	11,675	11,822
1934	96	6,743	6,839	13,466	20,305	120	14,154	14,274
1935	71	5,960	6,031	15,646	21,677	130	14,896	15,026
1936	73	6,578	6,651	18,354	25,005	182	17,363	17,545
1937	112	7,348	7,460	18,333	25,793	132	16,646	16,778
1938	87	8,828	8,915	15,844	24,759	122	17,136	17,258
1939	76	7,425	7,501	15,908	23,409	129	15,491	15,620
av. 1935-								
1939	84	7,228	7,312	16,817	24,120	139	16,307	16,446
1940	95	7,625	7,720	16,356	24,076	146	14,529	14,675
1941 3/	140	9,161	9,301	14,774	24,075	196	13,100	13,296
1942 3/	135	10,594	10,729	12,745	23,474	170	11,792	11,962
1943 3/	88	11,324	11,412	12,524	23,936	114	11,253	11,367
1944 3/	118	12,401	12,519	10,541	23,060	120	9,962	10,082
1945 3/	124	12,779	12,903	10,455	23,358	197	11,992	12,189
1946 3/	153	10,941	11,094	12,055	23,149			

1/ Excludes 50,000 to 100,000 bales destroyed annually for recent years.

2/ 478 pound bales net weight.

3/ Preliminary and partly estimated.

Compiled from reports of the Bureau of the Census, the New York Cotton Exchange, Services and estimates made by the Department of Agriculture.

Table 10.-Cotton, all kinds: World supply and consumption, 1920-46

Year begin- ning Aug.	Supply				Mill consumption 1/			
	Carry-over Aug. 1							
	United States	Foreign countries	World total	World production	World total supply	United States	Foreign countries	World total consumption
	1,000 bales	1,000 bales	1,000 bales	1,000 bales	1,000 bales	1,000 bales	1,000 bales	1,000 bales
	2/	2/	2/	2/	2/	2/	2/	2/
1920	3,824	7,928	11,752	20,628	32,380	4,893	12,258	17,151
1921	6,896	8,273	15,169	15,173	30,342	5,910	13,868	19,778
1922	3,322	7,172	10,494	18,451	28,945	6,666	14,671	21,337
1923 <sup>3/</sup>	2,325	5,246	7,571	19,090	26,661	5,681	14,346	20,027
1924	1,556	5,058	6,614	24,094	30,708	6,193	16,541	22,734
1925	1,610	6,338	7,948	26,743	34,691	6,456	17,712	24,168
1926	3,542	6,931	10,473	27,930	38,403	7,190	18,489	25,679
1927	3,762	8,892	12,654	23,343	35,997	6,834	18,608	25,442
1928	2,536	7,999	10,535	25,802	36,337	7,091	18,687	25,778
1929	2,313	8,228	10,541	26,251	36,792	6,106	18,769	24,875
1930	4,530	7,362	11,892	25,376	37,268	5,263	17,169	22,432
1931	6,370	8,438	14,808	26,479	41,287	4,866	18,023	22,889
1932	9,678	8,658	18,336	23,461	41,797	6,137	18,514	24,651
1933	8,164	8,952	17,116	26,066	43,182	5,700	19,202	25,602
1934	7,744	9,796	17,540	23,042	40,582	5,361	20,119	25,480
1935	7,208	7,864	15,072	26,141	41,213	6,351	21,178	27,529
1936	5,409	8,240	13,649	30,729	44,378	7,950	22,688	30,638
1937	4,499	9,196	13,695	36,745	50,440	5,743	21,825	27,573
1938	11,533	11,169	22,702	27,509	50,211	6,858	21,649	28,507
1939	13,032	8,606	21,638	27,326	48,964	7,784	20,712	28,496
av. 1935-39	8,337	9,015	17,352	29,690	47,042	6,938	21,611	28,549
1940	10,564	9,698	20,262	28,661	48,923	9,722	16,820	26,542
1941 <sup>3/</sup>	12,166	9,932	22,098	25,402	47,500	11,170	14,286	25,456
1942 <sup>3/</sup>	10,640	11,254	21,894	25,349	47,243	11,100	13,105	24,205
1943 <sup>3/</sup>	10,657	12,141	22,798	23,685	46,483	9,943	12,553	22,496
1944 <sup>3/</sup>	10,744	13,125	23,869	22,396	46,265	9,568	11,462	21,030
1945 <sup>3/</sup>	11,164	13,889	25,053	19,228	44,281	9,166	13,992	23,158
1946 <sup>3/</sup>	7,522	13,442	20,964	20,993	41,957			

1/ Excludes from 18,000 to 283,000 bales destroyed annually.

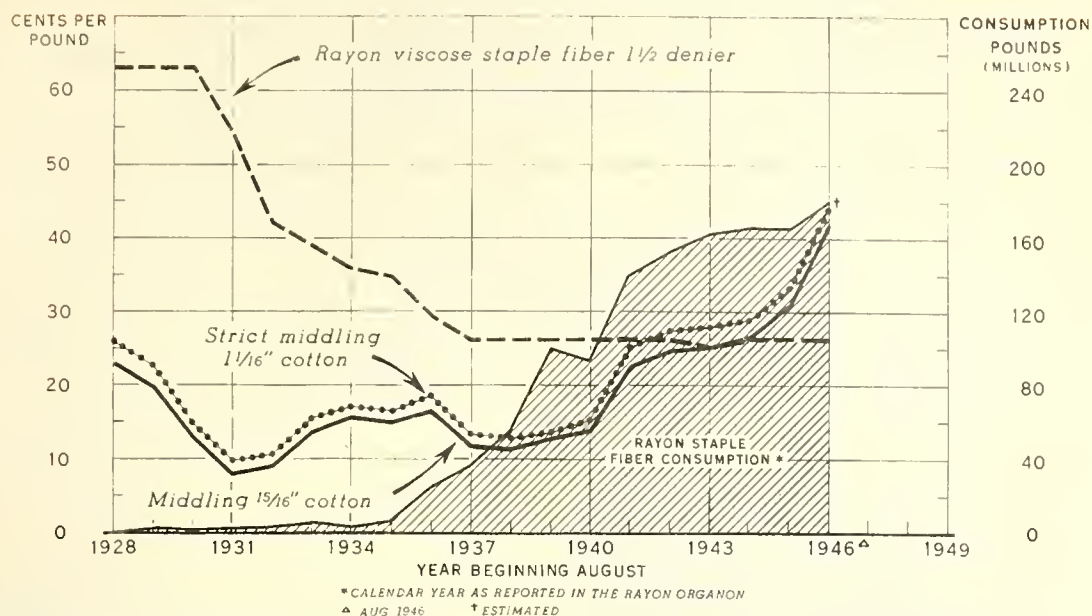
2/ American in running bales (counting round bales as half bales) and foreign in bales of approximately 478 pounds net weight.

3/ Preliminary and partly estimated.

Compiled from reports of the Bureau of the Census, the New York Cotton Exchange Service, the Commodity Credit Corporation, and estimates by the Department of Agriculture.



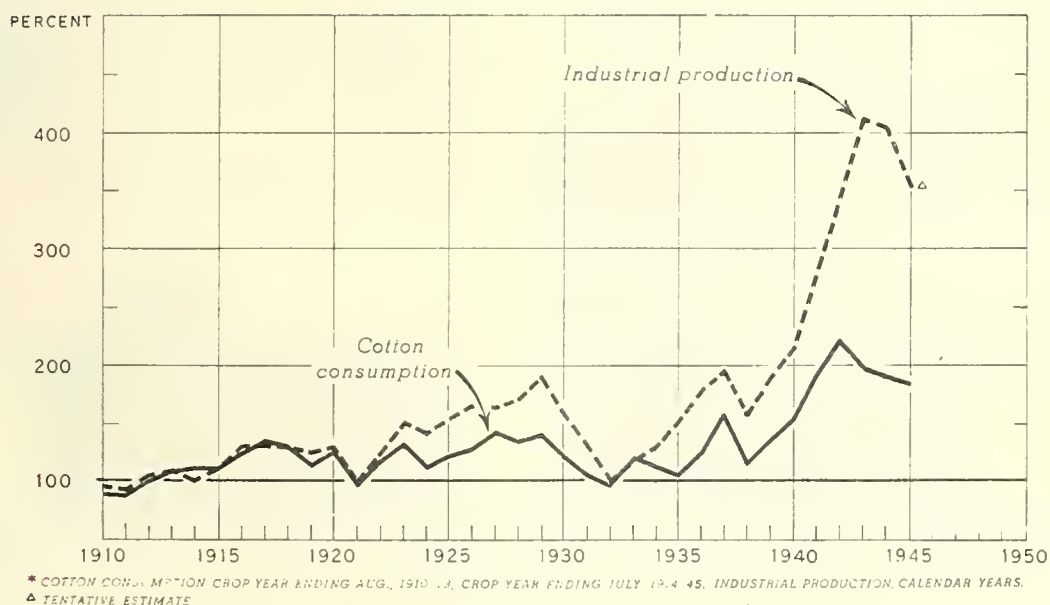
### COTTON AND RAYON: EQUIVALENT PRICES OF RAW FIBERS AND RAYON STAPLE FIBER CONSUMPTION, 1928-46



The price of Middling 15/16-inch cotton at the 10 spot markets was significantly lower than the price of rayon staple fiber prior to 1941, but increased to the same level during the war period. The recent advance has raised cotton prices to a point about 16 cents a pound above the price of rayon fiber. Consumption of rayon increased rapidly between 1935 and 1943. At the present prices for cotton, rayon will furnish more intensive competition with cotton, particularly as plants now being built come into production.

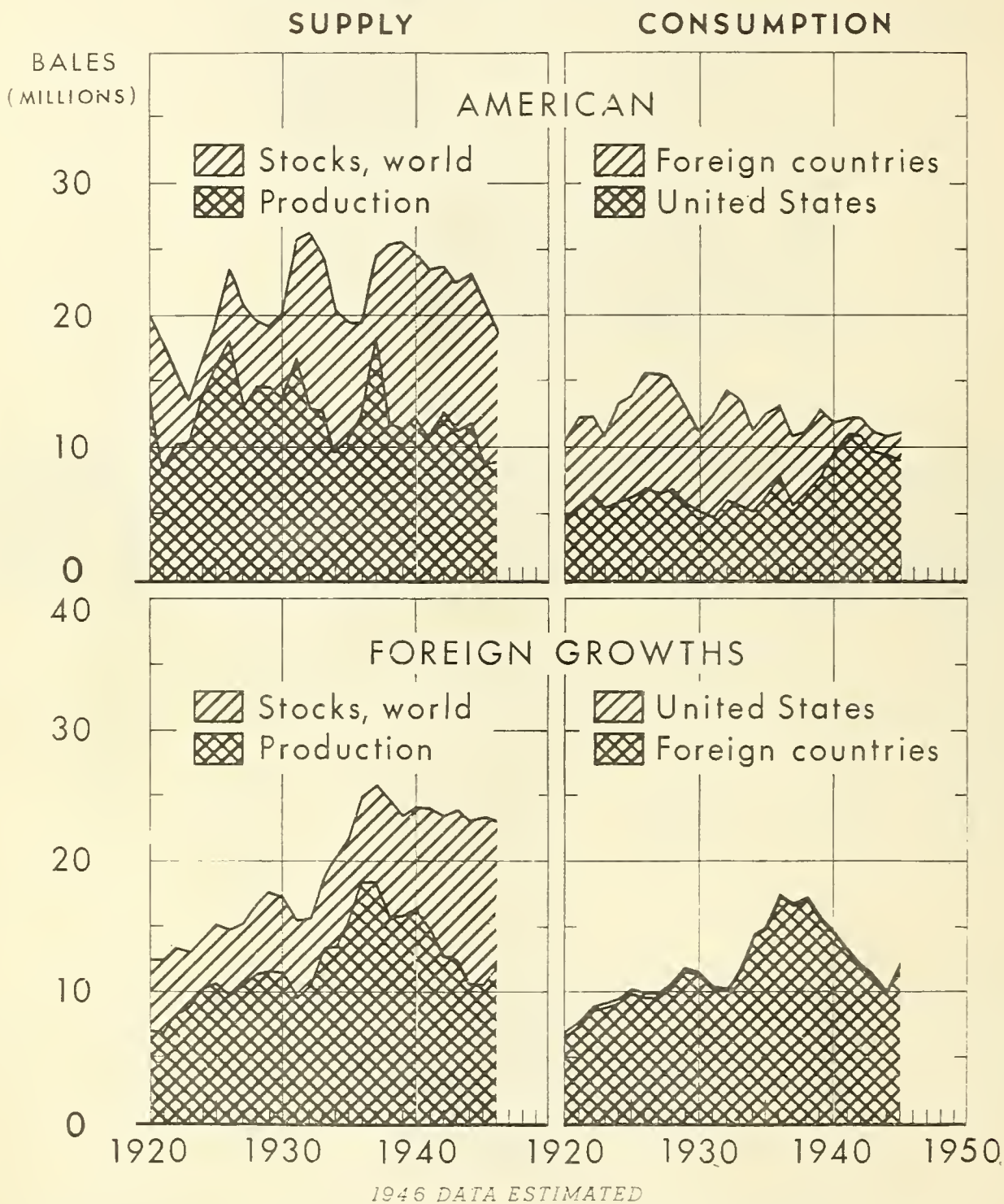
### COTTON CONSUMPTION AND INDUSTRIAL PRODUCTION, UNITED STATES, 1910-45

INDEX NUMBERS (1910-14=100)\*



Changes in the index of cotton consumption are generally associated with somewhat similar changes in the index of industrial production. However, both in the early 1920's and during the recent war period, industrial production rose by a much greater amount than did cotton consumption. Industrial production declined considerably during 1945, while cotton consumption changed relatively little. Consequently, they are more nearly in line with their prewar relationship, although a wider spread exists than during the prewar years. Both cotton consumption and industrial production are expected to continue at near current levels.

# COTTON: AMERICAN AND FOREIGN GROWTHS, SUPPLY AND CONSUMPTION, 1920-46



U. S. DEPARTMENT OF AGRICULTURE    NEG. 46043-X    BUREAU OF AGRICULTURAL ECONOMICS

World supplies of American cotton for the 1946-47 season are estimated at 18.8 million bales, the lowest level since 1924 and 4.1 million bales below the 1935-39 average. Continued domestic consumption at near the wartime level, exceptionally small crops in 1945 and 1946, and some increase in foreign consumption after the war, are responsible for the 22-year low in supplies of American cotton.

World supplies of foreign cotton for the 1946-47 season are estimated at 23.1 million bales which is less than a million bales below the near-second wartime level. Both consumption and production of foreign cotton declined concurrently during the war and supplies did not change significantly. World stocks of foreign cotton on August 1, 1946, however, were still much larger than at the outbreak of World War II.



